

# State of Utah

## Continuing Disclosure Document

For the following bond issues:

### General Obligation

Series 1997E  
Series 1997F  
Series 1998A  
Series 1999E  
Series 2001A  
Series 2001B  
Series 2002A  
Series 2002B  
Series 2003A

### Lease Revenue

Series 1995A  
Series 1996A  
Series 1996B  
Series 1997A  
Series 1998 A&B  
Series 1998C  
Series 1999A  
Series 2001 A&B  
Series 2001C  
Series 2003



Summary of Debt Structure and Financial Information  
December 31, 2003  
SEC Rule 15c2-12

State of Utah Continuing Disclosure Document  
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## DEBT STRUCTURE OF THE STATE OF UTAH

### Legal Borrowing Authority

#### Constitutional and Statutory Limitations on State Indebtedness

*Constitutional Debt Limit.* Article XIV, Section 1 of the State Constitution limits the total general obligation indebtedness of the State to an amount equal to 1.5% of the value of the total taxable property of the State, as shown by the last assessment for State purposes previous to the incurring of such debt. As of December 31, 2003, the application of this constitutional debt limit and the additional debt incurring capacity of the State under the Constitution are shown as follows:

Fair Market Value of Ad Valorem Taxable Property (1) .....	\$ 159,659,350,270
Uniform Fees in lieu of Ad Valorem Taxable Property (2) .....	11,116,588,123
Total Fair Market Value of Taxable Property (1) .....	<u>\$ 170,775,938,393</u>
Constitutional Debt Limit (1.5%) .....	\$ 2,561,639,076
Less: Currently Outstanding General Obligation Debt (Net) (3) .....	<u>(1,595,423,483)</u>
Estimated Additional Constitutional Debt Incurring Capacity of the State (4) .....	<u>\$ 966,215,593</u>

- (1) Based on 2002 taxable values. See “FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters—Taxable Value Compared with Fair Market Value of All Taxable Property in the State” below.
- (2) Based on 2002 “age based” values. For purposes of calculating debt incurring capacity only, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) is added to the fair market value of taxable property in the State.
- (3) Reflects unamortized original issue bond premium and deferred amount on refunding that was treated as principal for purposes of calculating the applicable constitutional and statutory debt limits.
- (4) The State is further limited on its issuance of general obligation indebtedness by statute. See in this section “Statutory General Obligation Debt Limit” below.

*Statutory General Obligation Debt Limit.* Title 63, Chapter 38c, Utah Code (the “State Appropriations and Tax Limitation Act”), among other things, limits the maximum general obligation borrowing ability of the State. Under the State Appropriations and Tax Limitation Act, the outstanding general obligation debt of the State at any time may not exceed 20% of the maximum allowable State budget appropriations limit as provided in that act, which limits State government appropriations based upon a formula that reflects the average of changes in personal income and the combined changes in population and inflation.

On occasion, the Legislature has amended the State Appropriations and Tax Limitation Act in order to provide an exemption for certain general obligation highway bonds and bond anticipation notes from the limitations imposed by the State Appropriations and Tax Limitation Act.

As of December 31, 2003, using the budget appropriations for the Fiscal Year 2004, the statutory general obligation debt limit under the State Appropriations and Tax Limitation Act and additional general obligation debt incurring capacity of the State under that act are as follows:

Statutory General Obligation Debt Limit (1) .....	\$ 861,151,880
Less: Statutorily Applicable General Obligation Debt (Net) (2) .....	<u>(611,812,347)</u>
Remaining Statutory General Obligation Debt Incurring Capacity .....	<u>\$ 249,339,533</u>

- (1) 20% of the Fiscal Year 2004 appropriation limit of \$4,305,759,400.
- (2) Reflects unamortized original issue bond premium that was treated as principal for purposes of calculating the applicable constitutional and statutory debt limits.

As additional general obligation bonds are issued and outstanding general obligation bonds are retired, the unused maximum general obligation borrowing capacity of the State under the State Appropriations and Tax Limitation Act will fluctuate. The State Appropriations and Tax Limitation Act may be amended in the future by majority vote of both houses of the Legislature.

The calculation of the historical constitutional debt limit, the general obligation debt, the additional general obligation debt incurring capacity, and the statutory debt limit for the State for each of the Fiscal Years 1999 through 2003 is as follows:

	Fiscal Year Ended June 30 (in thousands) (1)				
	2003	2002	2001	2000	1999
Fair Market Value of Ad					
Valorem Taxable Property (2) .....	\$ 159,659,350	\$ 153,166,346	\$ 142,253,454	\$ 132,115,079	\$ 135,046,912
Fees in lieu of Ad Valorem Tax (3) ....	11,116,588	10,019,394	10,075,896	10,009,634	-
Fair Market Value for Debt					
Incurring Capacity .....	<u>\$ 170,775,938</u>	<u>\$ 163,185,740</u>	<u>\$ 152,329,350</u>	<u>\$ 142,124,713</u>	<u>\$ 135,046,912</u>
<b>Constitutional:</b>					
Constitutional Debt Limit					
(1.5% of Fair Market Value) .....	\$ 2,561,639	\$ 2,447,786	\$ 2,284,940	\$ 2,131,871	\$ 2,025,704
Outstanding Constitutional					
General Obligation Debt (Net) (4) ....	<u>(1,713,755)</u>	<u>(1,498,371)</u>	<u>(1,146,000)</u>	<u>(1,212,325)</u>	<u>(1,251,525)</u>
Additional Debt Incurring					
Capacity (Constitutional) .....	<u>\$ 847,884</u>	<u>\$ 949,415</u>	<u>\$ 1,138,940</u>	<u>\$ 919,546</u>	<u>\$ 774,179</u>
<b>Statutory:</b>					
Statutory General Obligation					
Debt Limit .....	\$ 830,137	\$ 835,341	\$ 759,702	\$ 734,709	\$ 705,972
Outstanding General Obligation					
Debt (Net) (4) (5) .....	<u>(693,706)</u>	<u>(494,367)</u>	<u>(238,000)</u>	<u>(304,325)</u>	<u>(343,525)</u>
Additional General Obligation					
Debt Incurring Capacity					
(Statutory) .....	<u>\$ 136,431</u>	<u>\$ 340,974</u>	<u>\$ 521,702</u>	<u>\$ 430,384</u>	<u>\$ 362,447</u>

- (1) Rounded to the nearest thousand.
- (2) For the Fiscal Year 1999, the valuation figure includes the value of property that was made subject to the uniform fees-in-lieu of ad valorem taxes for motor vehicles and other tangible personal property as of January 1, 1999. To reflect the fact that such property is now subject to these uniform fees (instead of ad valorem taxes), such property is excluded from total Fair Market Value or Market Value for the Fiscal Year 2000, and thereafter. Moreover, actual collection of ad valorem taxes is affected by legislation that may limit the percentage of fair market value which may be used as a basis for taxation.
- (3) Beginning in the Fiscal Year 2000, for purposes of calculating debt incurring capacity only, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) is added to the fair market value of the taxable property in the State.
- (4) Reflects unamortized original issue bond premium and deferred amount on refunding that was treated as principal for purposes of calculating the applicable constitutional and statutory debt limits. Beginning in Fiscal Year 2002, bond premiums and deferred amount on refunding are deferred and amortized over the life of the bonds. This change was necessary because of implementing Statement 34 of the Governmental Accounting Standards Board ("GASB").
- (5) Certain general obligation highway indebtedness is exempt from the State Appropriations and Tax Limitation Act.

(Sources: Property Tax Division, State Tax Commission (as to Taxable Value only) and the Financial Advisor.)

See "FINANCIAL INFORMATION REGARDING THE STATE OF UTAH—Property Tax Matters" below.

## Authorized General Obligation Bonds and Future General Obligation Bond Issuance

The State has approximately \$61 million (\$7.3 million for capital projects from a 2003 authorization, \$26.4 million for highway projects from a 2003 authorization, \$21.3 million for higher education building projects from a 2002 authorization, and \$6 million for transportation projects from a 2000 authorization) aggregate principal amount of additional authorized and unissued general obligation bonds, the proceeds of which bonds, when issued, will be used by the Utah Department of Transportation and DFCM for various capital projects.

The State traditionally issues bonds each year and may, subsequent to December 31, 2003, issue some or all of the additional \$61 million aggregate principal amount of authorized and unissued general obligation bonds.

### Outstanding General Obligation Indebtedness

The State has issued general obligation bonds for general government buildings, higher education buildings, highways, water and wastewater facilities, flood control facilities, technology, and refunding purposes. As of December 31, 2003, the State has the following principal amounts of general obligation debt outstanding:

(1) Series	Purpose	Original Amount	Final Maturity Date	Outstanding as of December 31, 2003
2003A (2) .....	Various Purpose	\$ 407,405,000	July 1, 2016	\$ 407,405,000
2002B (3).....	Refunding (Highway)	253,100,000	July 1, 2012	253,100,000
2002A .....	Various Purpose	281,200,000	July 1, 2015	267,040,000
2001B (4) .....	Various Purpose	348,000,000	July 1, 2014	348,000,000
2001A .....	Building	15,000,000	July 1, 2004	15,000,000
1999E .....	Building	38,000,000	July 1, 2004	38,000,000
1998A (3) (5) .....	Various Purpose	265,000,000	July 1, 2008 (7)	84,075,000
1997F (3) (5) .....	Highway Projects	205,000,000	July 1, 2007 (7)	64,300,000
1997C (6) .....	Capital Projects	36,355,000	July 1, 2003	-
1997D (6).....	Computer System	8,500,000	July 1, 2003	-
1997E (3) (5) .....	Highway Projects	135,000,000	July 1, 2007 (7)	34,950,000
Subtotal Principal Amount of General Obligation Debt .....				1,511,870,000
Plus Unamortized Original Issue Bond Premium (8) .....				96,622,557
Less Deferred Amount on Refunding (8) .....				(13,069,074)
Total General Obligation Debt (Net) .....				<u>\$ 1,595,423,483</u>

- (1) Unless otherwise indicated, the outstanding general obligation bonds of the State are currently rated “AAA” by Fitch Ratings (“Fitch”); “Aaa” by Moody’s; and “AAA” by S&P, as of the last official statement dated December 10, 2003.
- (2) As of December 31, 2003, \$174.1 million of these general obligation bonds are exempt from statutory debt limit calculations.
- (3) These bonds are exempt from statutory debt limit calculations
- (4) As of December 31, 2003 \$334.25 million of these bonds are exempt from statutory debt limit calculations.
- (5) Portions of these bond issues were refunded by the 2002B General Obligation Bonds.
- (6) These bonds are included in this table because the final principal and interest payments occurred within the Fiscal Year 2004. See “Debt Service Schedule of Outstanding General Obligation Bonds by Fiscal Year” below.
- (7) Final maturity dates after portions of these bond issues were refunded by the 2002B General Obligation Bonds.
- (8) Reflects unamortized original issue bond premium and deferred amount on refunding.

(Source: Division of Finance.)

The following tables reflect the State's general obligation debt (net), as measured by population, personal income, taxable value and fair market/market value for the fiscal years shown and as of December 31, 2003.

	Fiscal Year Ended June 30				
	2003	2002	2001	2000	1999
Outstanding General					
Obligation Debt (000's) (Net) (1) .....	\$ 1,713,755	\$ 1,498,371	\$ 1,146,000	\$ 1,212,325	\$ 1,251,525
Debt Ratios:					
Per Capita .....	\$ 721	\$ 641	\$ 499	\$ 540	\$ 571
As % of Total Personal Income .....	3.04%	2.66%	2.09%	2.30%	2.56%
As % of Taxable Value (2) .....	1.50%	1.36%	1.12%	1.28%	1.25%
As % of Fair Market/Market Value (2) .....	1.07%	0.98%	0.81%	0.92%	0.93%
					Estimated
					December 31, 2003
Outstanding General Obligation Debt (Net) (1).....	\$1,595,423,483				
Debt Ratios:					
Per Capita .....	\$682				
As % of Total Personal Income .....	2.83%				
As % of Taxable Value (2).....	1.35%				
As % of Fair Market/Market Value (2).....	0.96%				

- (1) Reflects unamortized original issue bond premium and deferred amount on refunding.
- (2) For the Fiscal Year 1999, these figures are based on property valuations which include the value of taxable property in the State including property made subject to the uniform fees in lieu of ad valorem taxes for motor vehicles and other tangible personal property as of January 1, 1999. To reflect the fact that property subject to these uniform fees is no longer subject to ad valorem taxes, such property is excluded from the property values upon which these figures are based for the Fiscal Year 2000 and thereafter.

(Source: Division of Finance and the Financial Advisor.)

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### Debt Service Schedule of Outstanding General Obligation Bonds by Fiscal Year (1)

Fiscal Year Ending June 30	Series 2003A \$407,405,000		Series 2002B \$253,100,000		Series 2002A \$281,200,000	
	Principal	Interest	Principal	Interest	Principal	Interest
2004 .....	-	9,989,370	-	13,432,456	14,160,000	13,742,963
2005 .....	-	19,438,775	2,035,000	13,401,931	4,850,000	13,445,687
2006 .....	1,095,000	19,427,825	205,000	13,368,331	45,740,000	12,217,313
2007 .....	7,775,000	19,222,500	160,000	13,362,856	48,075,000	9,871,937
2008 .....	12,825,000	18,707,500	120,000	13,358,656	50,575,000	7,405,688
2009 .....	59,300,000	17,200,875	29,455,000	12,583,663	5,525,000	6,003,187
2010 .....	61,125,000	14,639,563	50,835,000	10,481,778	5,750,000	5,721,313
2011 .....	50,025,000	12,013,625	53,670,000	7,710,706	6,000,000	5,427,562
2012 .....	15,100,000	10,385,500	56,705,000	4,744,378	6,325,000	5,111,531
2013 .....	52,575,000	8,693,625	59,915,000	1,610,216	-	4,945,500
2014 .....	55,300,000	5,996,750	-	-	6,650,000	4,770,938
2015 .....	18,500,000	4,151,750	-	-	29,350,000	3,825,937
2016 .....	16,000,000	3,289,250	-	-	58,200,000	1,527,750
2017 .....	57,785,000	1,444,625	-	-	-	-
Totals	\$ 407,405,000	\$ 164,601,533	\$ 253,100,000	\$ 104,054,971	\$ 281,200,000	\$ 94,017,306

  

Fiscal Year Ending June 30	Series 2001B \$348,000,000		Series 2001A \$15,000,000		Series 1999E \$38,000,000	
	Principal	Interest	Principal	Interest	Principal	Interest
2004 .....	-	15,660,000	-	600,000	-	1,710,000
2005 .....	41,425,000	14,727,938	15,000,000	300,000	38,000,000	855,000
2006 .....	34,900,000	13,010,625	-	-	-	-
2007 .....	33,250,000	11,477,250	-	-	-	-
2008 .....	34,650,000	9,949,500	-	-	-	-
2009 .....	36,125,000	8,357,063	-	-	-	-
2010 .....	37,650,000	6,697,125	-	-	-	-
2011 .....	39,325,000	4,965,188	-	-	-	-
2012 .....	41,050,000	3,156,750	-	-	-	-
2013 .....	11,550,000	1,973,250	-	-	-	-
2014 .....	12,100,000	1,441,125	-	-	-	-
2015 .....	25,975,000	584,438	-	-	-	-
2016 .....	-	-	-	-	-	-
2017 .....	-	-	-	-	-	-
Totals	\$ 348,000,000	\$ 92,000,252	\$ 15,000,000	\$ 900,000	\$ 38,000,000	\$ 2,565,000

  

Fiscal Year Ending June 30	Series 1998A \$265,000,000		Series 1997F \$205,000,000		Series 1997C \$36,355,000	
	Principal	Interest	Principal	Interest	Principal	Interest
2004 .....	38,150,000	5,157,500	14,075,000	3,888,375	36,355,000	999,763
2005 .....	14,975,000	3,829,375	14,825,000	3,128,813	-	-
2006 .....	15,850,000	3,058,750	15,625,000	2,291,438	-	-
2007 .....	16,775,000	2,243,125	16,475,000	1,408,688	-	-
2008 .....	17,750,000	1,380,000	17,375,000	477,813	-	-
2009 .....	18,725,000	468,125	-	-	-	-
2010 .....	-	- (r)	-	- (r)	-	-
2011 .....	-	- (r)	-	- (r)	-	-
2012 .....	-	- (r)	-	- (r)	-	-
2013 .....	-	- (r)	-	- (r)	-	-
2014 .....	-	-	-	-	-	-
2015 .....	-	-	-	-	-	-
2016 .....	-	-	-	-	-	-
2017 .....	-	-	-	-	-	-
Totals	\$ 122,225,000	\$ 16,136,875	\$ 78,375,000	\$ 11,195,127	\$ 36,355,000	\$ 999,763

Continues

- (1) This table reflects the State's debt service schedule for its outstanding General Obligation Bonds for the fiscal year shown. This information is based on payments (cash basis) falling due in that particular fiscal year.
- (r) Principal and interest has been refunded by the 2002B General Obligation Bonds.

### Debt Service Schedule of Outstanding General Obligation Bonds by Fiscal Year (1)--Continued

Fiscal Year Ending June 30	Series 1997D \$8,500,000		Series 1997E \$135,000,000			Totals (1)		
	Principal	Interest	Principal	Interest		Total Principal	Total Interest	Total Debt Service
2004 .....	3,645,000	100,238	5,425,000	2,058,500 (r1)		111,810,000	67,339,165	179,149,165
2005 .....	-	-	5,175,000	1,773,469 (r2)		136,285,000	70,900,988	207,185,988
2006 .....	-	-	9,350,000	1,380,500 (r3)		122,765,000	64,754,782	187,519,782
2007 .....	-	-	9,925,000	850,437 (r4)		132,435,000	58,436,793	190,871,793
2008 .....	-	-	10,500,000	288,750 (r5)		143,795,000	51,567,907	195,362,907
2009 .....	-	-	-	- (r)		149,130,000	44,612,913	193,742,913
2010 .....	-	-	-	- (r)		155,360,000	37,539,779	192,899,779
2011 .....	-	-	-	- (r)		149,020,000	30,117,081	179,137,081
2012 .....	-	-	-	- (r)		119,180,000	23,398,159	142,578,159
2013 .....	-	-	-	- (r)		124,040,000	17,222,591	141,262,591
2014 .....	-	-	-	-		74,050,000	12,208,813	86,258,813
2015 .....	-	-	-	-		73,825,000	8,562,125	82,387,125
2016 .....	-	-	-	-		74,200,000	4,817,000	79,017,000
2017 .....	-	-	-	-		57,785,000	1,444,625	59,229,625
Totals	\$ 3,645,000	\$ 100,238	\$ 40,375,000	\$ 6,351,656		\$ 1,623,680,000	\$ 492,922,721	\$ 2,116,602,721

(1) This table reflects the State's debt service schedule for its outstanding General Obligation Bonds for the fiscal year shown. This information is based on payments (cash basis) falling due in that particular fiscal year.

(r) Principal and interest has been refunded by the 2002B General Obligation Bonds.

(r1) \$3,750,000 (of the original maturity of \$9,175,000) has been refunded by the 2002B General Obligation Bonds.

(r2) \$4,500,000 (of the original maturity of \$9,675,000) has been refunded by the 2002B General Obligation Bonds.

(r3) \$850,000 (of the original maturity of \$10,200,000) has been refunded by the 2002B General Obligation Bonds.

(r4) \$850,000 (of the original maturity of \$10,775,000) has been refunded by the 2002B General Obligation Bonds.

(r5) \$850,000 (of the original maturity of \$11,350,000) has been refunded by the 2002B General Obligation Bonds.

(Source: The Financial Advisor.)

The ratios of debt service expenditures to General Fund expenditures and to all governmental fund type expenditures for the last five fiscal years are shown below:

	Fiscal Year Ended June 30 (in thousands)				
	2003	2002	2001	2000	1999
General Fund					
Expenditures .....	\$ 3,519,422	\$ 3,412,413	\$ 3,088,090	\$ 2,902,455	\$ 2,794,536
Debt Service Expenditures .....	\$ 189,020	\$ 175,188	\$ 158,886	\$ 158,274	\$ 153,540
Ratio of Debt Service to General Fund Expenditures .....	5.37%	5.13%	5.15%	5.45%	5.49%
Total All Governmental Funds					
Expenditures (1) .....	\$ 6,702,566	\$ 6,597,787	\$ 6,233,721	\$ 5,979,692	\$ 5,900,004
Ratio of Debt Service Expenditures to All Governmental Fund Expenditures .....	2.82%	2.66%	2.55%	2.65%	2.60%

(1) Beginning in fiscal year 2002, all Governmental Funds include expenditures of the State's major and nonmajor governmental funds (except the Trust Lands permanent fund). These changes were necessary because of implementing Statement 34 of the Governmental Accounting Standards Board (GASB). The comparability of 2003 and 2002 expenditure amounts and the related ratios to the 2001 and prior amounts is affected. Fiscal Year 2001 and prior years in this summary included expenditures of the State Governmental-Type Funds which include the General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Tobacco Permanent Endowment Fund, Sports Authority Fund, and several other minor funds), Capital Projects Fund and Debt Service Fund.

(Sources: Division of Finance and the Fiscal Year 2003 Comprehensive Annual Financial Report (the "2003 CAFR").)



## **Lease Obligations**

The State leases office buildings, other real property, and office and computer equipment. Although the lease terms vary, most leases are subject to annual appropriations from the Legislature to continue the lease obligations. If a legislative appropriation is reasonably assured, long-term leases are considered noncancellable for financial reporting purposes. Leases that in substance are purchases are reported as capital lease obligations in the government-wide financial statements and proprietary fund statements in the State's Comprehensive Annual Financial Report ("CAFR").

Operating leases (leases on assets not recorded on the Balance Sheet) contain various renew obligations as well as some purchase options. However, due to the nature of the leases, the related assets are not classified as capital assets. Any escalation clauses, sublease rentals and contingent rents are considered immaterial to the future minimum lease payments and current rental expenditures. Operating lease payments are recorded as expenditures or expenses when paid or incurred.

The total operating lease expenditures for the Fiscal Years 2002 and 2003 were \$31.2 million and \$26.5 million, respectively, for the primary government, and \$17.6 million and \$16.5 million, respectively, for component units.

## **Revenue Bonds and Notes**

Various State agencies have outstanding bonds and notes payable solely from certain specified revenues. None of these bond or note issues are general obligations of the State and, therefore, such bonds or notes are not applied against the general obligation borrowing capacity of the State.

The majority of the State's revenue bonds and notes are issued by the Utah Housing Corporation (formerly known as the Utah Housing Finance Agency), the State Board of Regents (student loans and college and university capital projects), and the State of Utah, State Building Ownership Authority. The State Building Ownership Authority is discussed below.

### **State of Utah, State Building Ownership Authority**

*Establishment and Statutory Powers.* The State of Utah, State Building Ownership Authority (the Authority) was created in 1979 as body politic and corporate of the State. The Authority is empowered, among other things, to issue bonds (with the prior approval of the Legislature) to finance the acquisition and construction of facilities to be leased to State agencies and their affiliated entities at rentals paid out of budget appropriations or other available funds for the lessee agencies, which in the aggregate will be sufficient to pay the principal of and interest on the Authority's legally issued bonds as they become due and to maintain, operate and insure the facilities. The necessary prior approval of the Legislature for the issuance of such bonds is given by specific acts, which acts are passed upon during a General Session of the Legislature.

The Authority is also empowered, among other things, to: (i) contract with others for needed services; and (ii) cause to be executed mortgages, trust deeds, indentures, pledge agreements, assignments, security agreements, and financing statements encumbering property acquired, or constructed by the Authority.

*The State's Limited Lease Rental Obligation.* The Building Ownership Act provides that, except as otherwise provided therein, bonds issued by the Authority thereunder shall be payable solely out of rentals or lease payments received by the Authority for the facilities constructed or acquired thereunder and that, if rentals paid by a lessee State agency to the Authority, from its own appropriated budget or other revenue sources, are insufficient to pay the principal and interest on such bonds, the Governor may request the Legislature to appropriate additional funds to that agency for the payment of increased rentals. The Legislature may, but is not required to, make such an appropriation. *Bonds issued pursuant to authorizing legislation of this type are sometimes referred to herein as "State Lease Rental Obligation Bonds."*

*Authority's Legal Borrowing Debt Capacity.* The Authority may not issue any bonds or other obligations under the State Building Ownership Act in an amount which would exceed the difference between the total outstanding indebtedness of the State and 1.5% of the fair market value of the taxable property of the State, plus certain add-

back indebtedness provided by legislative directive. As of the December 31, 2003, the legal debt limit and additional debt incurring capacity of the Authority are calculated as follows:

Fair Market Value of Ad Valorem Taxable Property (1) .....	\$ 159,659,350,270
Uniform Fees in lieu of Ad Valorem Taxable Property (2) .....	11,116,588,123
Total Fair Market Value of Taxable Property (1) .....	<u>\$ 170,775,938,393</u>
1.5% Debt Limit Amount .....	\$ 2,561,639,076
Less: Current Outstanding State General Obligation Debt (Net) (3) .....	(1,595,423,483)
Less: The Authority's Outstanding Lease Revenue Bonds (Net) (4) .....	(373,467,658)
Plus: Statutorily exempt State General Obligation Highway Debt (Net) (3) .....	983,611,136
Plus: Statutorily exempt Authority Lease Revenue Bonds .....	<u>3,795,000</u>
The Authority's Estimated Additional Debt Incurring Capacity .....	<u><u>\$ 1,580,154,071</u></u>

- 
- (1) Based on 2002 taxable values.
  - (2) Based on 2002 “aged based” values. For purposes of calculating debt incurring capacity only, the value of all motor vehicles and state-assessed commercial vehicles (which value is determined by dividing the uniform fee revenue by 1.5%) is added to the fair market value of the taxable property in the State.
  - (3) Reflects unamortized original issue bond premium and deferred amount on refunding that was treated as principal for purposes of calculating the applicable constitutional and statutory debt limits.
  - (4) Reflects unamortized original issue bond premium that was treated as principal for purposes of calculating the applicable constitutional and statutory debt limits.

*Authorized Lease Revenue Bonds and Future Bonds Issuance.* Notwithstanding the legal debt issuing capacity of the Authority discussed in this section under “Authority’s Legal Borrowing Debt Capacity” above, the Authority may only issue Bonds for facilities authorized by the Legislature. Under existing legislative authorization, at December 31, 2003, the Authority has approximately \$13 million of remaining bonding authority, comprised of \$10.5 million for capital projects from a 2000 authorization and \$2.5 million for capital projects from a 1999 authorization for future projects that may be undertaken solely by vote of the Authority. The Authority does not anticipate the issuance of additional lease revenue bonds during the Fiscal Year 2004.

*No Defaulted Authority Bonds or Failures by the State to Renew Lease.* As of December 31, 2003, neither the Authority nor the State has ever failed to pay when due the principal of and interest on its bonded indebtedness and other payment obligation related thereto. As of December 31, 2003, the State has never failed to renew an annually renewable lease with the Authority.

*Current Lease Revenue Obligation Bonds Outstanding.* Under the State Facilities Master Lease Program, no debt service reserve fund is created for any bonds issued under the Indenture and Lease. Under this program, all Bonds are issued on a parity basis and are cross-collateralized by the facilities subject to the lien of the Indenture and Mortgages.

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The Authority has the following bonds outstanding:

*Issued On A Parity Basis Under The State Facilities Master Lease Program*

(1) Series	Purpose	Original Amount	Final Maturity Date	Outstanding as of December 31, 2003
2003 .....	Various Purpose	\$ 22,725,000	May 15, 2025	\$ 22,725,000
2001C (2) .....	University of Utah	30,300,000	May 15, 2022	30,300,000
2001A .....	University of Utah	69,850,000	May 15, 2021	69,850,000
2001B .....	Various Purpose	25,780,000	May 15, 2024	25,750,000
1999A (3) .....	Various Purpose	9,455,000	May 15, 2021	8,835,000
1998C (3) .....	Refunding	105,100,000	May 15, 2019	104,910,000
1998A (3) .....	Various Purpose (8)	25,710,000	May 15, 2020	16,565,000
1998B (3) (7) .....	University of Utah	23,091,478	May 15, 2005	28,978,024
1997A (4) .....	DABC 1997A Facilities	4,150,000	May 15, 2018	3,510,000
1996A (5) .....	Various Purpose	44,725,000	May 15, 2007 (9)	7,455,000
1996B (6) .....	University of Utah	16,875,000	May 15, 2013	12,550,000
1995A (5) .....	Various Purpose	93,000,000	May 15, 2007 (9)	15,435,000
1994A (5) .....	Various Purpose	30,915,000	May 15, 2005 (9)	3,700,000
Sub-total State Facilities Master Lease Program Bonds .....				350,563,024
Plus Unamortized Original Issue Bond Premium (10) .....				3,369,634
Total State Facilities Master Lease Program Bonds (Net) .....				<u>\$ 353,932,658</u>

- (1) Unless as otherwise indicated, the Authority's bonds issued under the State Facilities Master Lease Program have an underlying rating of "Aa1" by Moody's and "AA+" by S&P, as of the last official statement, dated December 10, 2003. No rating was requested from any other rating agency.
- (2) The 2001C Lease Revenue Bonds bear interest at a variable interest rate. The 2001C Bonds have been rated "Aaa/VMIG1" by Moody's and "AAA/A-1+" by S&P as of the last official statement, dated December 10, 2003.
- (3) These bonds are rated "Aaa" (FSA Insured) by Moody's and "AAA" (FSA Insured) by S&P, as of the last official statement, dated December 10, 2003.
- (4) The Series 1997A Lease Revenue Bonds are rated "Aaa" (Ambac Insured) by Moody's and "AAA" (Ambac Insured) by S&P, as of the last official statement, dated December 10, 2003.
- (5) Portions of this bond have been refunded by the Series 1998C Lease Revenue Bonds.
- (6) The Series 1996B Lease Revenue Bonds are rate "Aaa" (MBIA Insured) by Moody's and "AAA" (MBIA Insured) by S&P, as of the last official statement, dated December 10, 2003.
- (7) The Authority has received payments of approximately \$29.6 million, which it has caused to be invested in United States Treasury STRIPS that mature on May 15, 2005 in amount sufficient to pay debt service due on May 15, 2005 of \$31,585,0000, which amount will retire this debt.
- (8) \$3,795,000 of these bonds are exempt from the Authority's borrowing capacity statutory limit.
- (9) Final maturity date after portions of this bond were refunded by the Series 1998C Lease Revenue Bonds.
- (10) Reflects unamortized original issue bond premium that is treated as principal.

(Source: Division of Finance)

Other series of bonds issued by the Authority, as listed below under the caption "Issued Under Separate Stand Alone Legal Documents," are not issued on a parity basis with the bonds issued under the State Facilities Master Lease Program, or each other. Separate debt service reserve funds have been established and funded for each of these other series of bonds.

*Issued Under Separate Stand Alone Legal Documents*

(1) Series	Purpose	Original Amount	Final Maturity Date	Outstanding as of December 31, 2003
1993A .....	Human Services Building	\$ 6,230,000	January 1, 2013	\$ 3,965,000
1993B (2) .....	State Board of Education	8,160,000	January 1, 2004 (4)	380,000
1992A .....	Employment Security (3)	26,200,000	August 15, 2011	14,405,000
1992B .....	Youth Corrections	1,380,000	August 15, 2011	785,000
Total Authority's Other Bonds .....				<u>\$ 19,535,000</u>

- 
- (1) These outstanding lease revenue bonds of the authority are rated "Aa1" by Moody's, and "AA+" by S&P, as of the last official statement, dated December 10, 2003. No rating was requested from any other rating agency.
- (2) Portions of this bond were refunded by the 2003 Lease Revenue Bonds.
- (3) Refunding Issue.
- (4) Final maturity date after portions of this bond were refunded by the 2003 Lease Revenue Bonds.

*Summary*

Total State Facilities Master Lease Program Bonds (Net) .....	\$ 353,932,658
Total Authority's Other Bonds Outstanding .....	<u>19,535,000</u>
Total Authority Lease Revenue Bonds (Net) .....	<u>\$ 373,467,658</u>

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(Source: The Financial Advisor.)

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**Debt Service Schedule of Outstanding Lease Revenue Bonds  
State Building Ownership Authority by Fiscal Year**

*Issued Under the State Facilities Master Lease Program*

Fiscal Year Ending June 30	Series 2003 \$22,725,000		Series 2001C \$30,300,000		Series 2001A \$69,850,000		Series 2001B \$25,780,000	
	Principal	Interest	Principal (1)	Interest (2)	Principal	Interest	Principal	Interest
2004	\$ -	\$ 327,935	\$ -	\$ 639,721 (3)	\$ -	\$ 3,472,500	\$ 395,000	\$ 1,183,440
2005	115,000	874,493	2,100,000	984,750	2,000,000	3,472,500	865,000	1,170,603
2006	1,125,000	872,193	1,100,000	916,500	3,175,000	3,392,500	895,000	1,136,003
2007	1,180,000	849,693	1,300,000	880,750	3,125,000	3,233,750	935,000	1,100,203
2008	1,210,000	823,143	1,400,000	838,500	3,250,000	3,077,500	965,000	1,062,803
2009	1,240,000	789,868	1,500,000	793,000	3,375,000	2,915,000	1,005,000	1,024,203
2010	1,275,000	752,668	1,500,000	744,250	3,500,000	2,746,250	1,055,000	984,003
2011	1,325,000	711,230	1,600,000	695,500	3,650,000	2,571,250	1,090,000	941,803
2012	1,375,000	663,530	1,700,000	643,500	3,800,000	2,388,750	1,135,000	898,203
2013	1,440,000	594,780	1,800,000	588,250	3,975,000	2,198,750	1,175,000	852,803
2014	835,000	537,180	1,800,000	529,750	4,175,000	2,000,000	1,225,000	804,628
2015	875,000	503,780	1,900,000	471,250	4,400,000	1,791,250	1,280,000	753,178
2016	900,000	468,780	1,900,000	409,500	4,625,000	1,571,250	1,335,000	698,138
2017	940,000	432,780	2,000,000	347,750	4,850,000	1,340,000	1,400,000	631,388
2018	980,000	394,240	2,100,000	282,750	5,100,000	1,097,500	1,465,000	561,388
2019	1,020,000	353,080	2,100,000	214,500	5,350,000	842,500	1,550,000	488,138
2020	1,065,000	310,240	2,200,000	146,250	5,600,000	575,000	1,620,000	410,638
2021	1,110,000	264,978	2,300,000	74,750	5,900,000	295,000	1,705,000	329,638
2022	1,160,000	216,415	-	-	-	-	1,760,000 (t1)	244,388
2023	1,210,000	165,375	-	-	-	-	1,850,000 (t1)	151,988
2024	1,265,000	110,925	-	-	-	-	1,045,000 (t1)	54,863
2025	1,080,000	54,000	-	-	-	-	-	-
Totals	\$ 22,725,000	\$ 11,071,306	\$ 30,300,000	\$ 10,201,221	\$ 69,850,000	\$ 38,981,250	\$ 25,750,000	\$ 15,482,440

  

Fiscal Year Ending June 30	Series 1999A \$9,455,000		Series 1998C \$105,100,000		Series 1998A \$25,710,000		Series 1998B \$23,091,478	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 310,000	\$ 474,938	\$ 50,000	\$ 5,739,930	\$ 2,485,000	\$ 822,540	\$ -	\$ -
2005	330,000	458,663	55,000	5,737,930	2,615,000	698,290	28,978,024	2,606,976
2006	345,000	441,338	1,120,000	5,735,675	705,000	567,540	-	-
2007	365,000	423,225	1,170,000	5,688,635	735,000	536,520	-	-
2008	380,000	404,063	7,715,000	5,638,325	775,000	503,445	-	-
2009	405,000	384,113	8,130,000	5,214,000	805,000	468,570	-	-
2010	425,000	362,850	8,575,000	4,766,850	840,000	431,540	-	-
2011	450,000	340,538	9,065,000	4,295,225	885,000	392,060	-	-
2012	470,000	316,913	8,995,000	3,796,650	920,000	349,580	-	-
2013	495,000	292,238	9,490,000	3,301,925	970,000 (t4)	304,500	-	-
2014	525,000	266,250	10,010,000	2,779,975	1,025,000 (t4)	253,575	-	-
2015	550,000 (t2)	238,425	9,540,000	2,229,425	1,070,000 (t4)	199,763	-	-
2016	580,000 (t2)	208,175	9,950,000 (t3)	1,704,725	1,130,000 (t4)	143,588	-	-
2017	615,000 (t2)	176,275	9,835,000 (t3)	1,157,475	1,190,000 (t4)	84,263	-	-
2018	640,000 (t2)	142,450	8,940,000 (t3)	616,550	135,000 (t4)	21,788	-	-
2019	680,000 (t2)	107,250	2,270,000 (t3)	124,850	135,000 (t4)	14,700	-	-
2020	720,000 (t2)	69,850	-	-	145,000 (t4)	7,613	-	-
2021	550,000 (t2)	30,250	-	-	-	-	-	-
2022	-	-	-	-	-	-	-	-
2023	-	-	-	-	-	-	-	-
2024	-	-	-	-	-	-	-	-
2025	-	-	-	-	-	-	-	-
Totals	\$ 8,835,000	\$ 5,137,804	\$ 104,910,000	\$ 58,528,145	\$ 16,565,000	\$ 5,799,875	\$ 28,978,024	\$ 2,606,976

Continues

- (1) These principal payments are based on the Authority's current expectations for the redemption of the 2001C Bonds. The Authority is not required by the Indenture to provide for such payment in advance of the maturity date of the 2001C Bonds. The maturity date for the 2001C Bonds is May 15, 2022.
- (2) The 2001C Bonds are variable rate interest bonds. Interest has been estimated at an average coupon rate of 3.25 % per annum.
- (3) Includes \$147,346 of actual interest paid from July 1, 2003 to December 31, 2003. From January 1, 2004 to June 30, 2004, interest has been estimated at 3.25% per annum (\$492,375).
- (t1) Mandatory sinking fund payments from a \$4,655,000, 5.25%, term bond due May 15, 2024.
- (t2) Mandatory sinking fund payments from a \$4,335,000, 5.50%, term bond due May 15, 2021.
- (t3) Mandatory sinking fund payments from a \$30,995,000, 5.50%, term bond due May 15, 2019.
- (t4) Mandatory sinking fund payments from a \$5,800,000, 5.25%, term bond due May 15, 2020.

**Debt Service Schedule of Outstanding Lease Revenue Bonds  
State Building Ownership Authority by Fiscal Year**

*Issued Under the State Facilities Master Lease Program--continued*

Fiscal Year Ending June 30	Series 1997A \$4,150,000		Series 1996A \$44,725,000		Series 1996B \$16,875,000	
	Principal	Interest	Principal	Interest	Principal	Interest
2004 .....	\$ 160,000	\$ 172,823	\$ 1,720,000	\$ 410,025	\$ 995,000	\$ 653,090
2005 .....	170,000	165,463	1,820,000	315,425	1,040,000	603,340
2006 .....	180,000	157,643	1,905,000	215,325	1,095,000	551,340
2007 .....	190,000	149,363	2,010,000	110,550	1,150,000	496,590
2008 .....	195,000	140,623	- (r)	-	1,205,000	439,090
2009 .....	205,000	131,458	- (r)	-	1,270,000	377,635
2010 .....	215,000	121,618	- (r)	-	1,335,000	311,595
2011 .....	230,000	111,298	- (r)	-	1,410,000 (t6)	240,840
2012 .....	240,000	100,028	- (r)	-	1,485,000 (t6)	164,700
2013 .....	250,000	88,028	- (r)	-	1,565,000 (t6)	84,510
2014 .....	265,000	75,528	- (r)	-	-	-
2015 .....	280,000 (t5)	62,013	- (r)	-	-	-
2016 .....	295,000 (t5)	47,663	- (r1)	-	-	-
2017 .....	310,000 (t5)	32,544	- (r)	-	-	-
2018 .....	325,000 (t5)	16,656	- (r)	-	-	-
2019 .....	-	-	- (r2)	-	-	-
2020 .....	-	-	-	-	-	-
2021 .....	-	-	-	-	-	-
2022 .....	-	-	-	-	-	-
2023 .....	-	-	-	-	-	-
2024 .....	-	-	-	-	-	-
2025 .....	-	-	-	-	-	-
Totals	<u>\$ 3,510,000</u>	<u>\$ 1,572,749</u>	<u>\$ 7,455,000</u>	<u>\$ 1,051,325</u>	<u>\$ 12,550,000</u>	<u>\$ 3,922,730</u>

Fiscal Year Ending June 30	1995A \$93,000,000		1994A \$30,915,000	
	Principal	Interest	Principal	Interest
2004 .....	\$ 3,575,000	\$ 794,160	\$ 1,805,000	\$ 205,396
2005 .....	3,760,000	610,942	1,895,000	106,120
2006 .....	3,945,000	418,242	- (r)	-
2007 .....	4,155,000	216,060	- (r)	-
2008 .....	- (r)	-	- (r)	-
2009 .....	- (r)	-	- (r)	-
2010 .....	- (r)	-	- (r)	-
2011 .....	- (r)	-	- (r)	-
2012 .....	- (r)	-	- (r)	-
2013 .....	- (r)	-	- (r)	-
2014 .....	- (r)	-	- (r)	-
2015 .....	- (r)	-	- (r)	-
2016 .....	- (r)	-	- (r)	-
2017 .....	- (r)	-	- (r)	-
2018 .....	- (r3)	-	- (r4)	-
2019 .....	-	-	-	-
2020 .....	-	-	-	-
2021 .....	-	-	-	-
2022 .....	-	-	-	-
2023 .....	-	-	-	-
2024 .....	-	-	-	-
2025 .....	-	-	-	-
Totals	<u>\$ 15,435,000</u>	<u>\$ 2,039,404</u>	<u>\$ 3,700,000</u>	<u>\$ 311,516</u>

(t5) Mandatory sinking fund payments from a \$1,210,000, 5.125%, term bond due May 15, 2018.

(t6) Mandatory sinking fund payments from a \$4,460,000, 5.40%, term bond due May 15, 2013.

(r) Principal and interest have been refunded by the 1998C Bonds.

(r1) Principal and interest have been refunded by the 1998C Bonds (\$5,140,000, 6.00%, term bond which was due May 15, 2016).

(r2) Principal and interest have been refunded by the 1998C Bonds (\$7,960,000, 6.00%, term bond which was due May 15, 2019).

(r3) Principal and interest have been refunded by the 1998C Bonds (\$18,555,000, 5.75%, term bond which was due May 15, 2018).

(r4) Principal and interest have been refunded by the 1998C Bonds (\$3,425,000, 6.25%, term bond which was due May 15, 2018).

**Debt Service Schedule of Outstanding Lease Revenue Bonds  
State Building Ownership Authority by Fiscal Year**

*Issued Under Stand Alone Legal Documents*

Fiscal Year Ending	Series 1993A \$6,230,000			Series 1993B \$8,160,000		
	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service
June 30						
2004 .....	\$ 315,000	\$ 202,405	\$ 517,405	\$ 380,000	\$ 278,126	\$ 658,126
2005 .....	330,000	187,443	517,443	- (r5)	-	-
2006 .....	345,000	171,355	516,355	- (r5)	-	-
2007 .....	360,000	154,105	514,105	- (r5)	-	-
2008 .....	380,000	136,105	516,105	- (r5)	-	-
2009 .....	400,000	116,725	516,725	- (r5)	-	-
2010 .....	425,000	96,125	521,125	- (r5)	-	-
2011 .....	445,000 (t7)	74,025	519,025	- (r6)	-	-
2012 .....	470,000 (t7)	50,663	520,663	- (r6)	-	-
2013 .....	495,000 (t7)	25,988	520,988	- (r6)	-	-
2014 .....	-	-	-	- (r6)	-	-
2015 .....	-	-	-	-	-	-
2016 .....	-	-	-	-	-	-
2017 .....	-	-	-	-	-	-
2018 .....	-	-	-	-	-	-
2019 .....	-	-	-	-	-	-
2020 .....	-	-	-	-	-	-
2021 .....	-	-	-	-	-	-
2022 .....	-	-	-	-	-	-
2023 .....	-	-	-	-	-	-
2024 .....	-	-	-	-	-	-
Totals	<u>\$ 3,965,000</u>	<u>\$ 1,214,939</u>	<u>\$ 5,179,939</u>	<u>\$ 380,000</u>	<u>\$ 278,126</u>	<u>\$ 658,126</u>

  

Fiscal Year Ending	Series 1992A \$26,200,000			Series 1992B \$1,380,000		
	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service
June 30						
2004 .....	\$ 1,380,000	\$ 863,275	\$ 2,243,275	\$ 75,000	\$ 47,714	\$ 122,714
2005 .....	1,460,000	784,445	2,244,445	80,000	43,373	123,373
2006 .....	1,545,000	699,533	2,244,533	85,000	38,669	123,669
2007 .....	1,640,000	608,350	2,248,350	90,000	33,638	123,638
2008 .....	1,735,000	511,319	2,246,319	95,000	28,319	123,319
2009 .....	1,835,000	408,681	2,243,681	100,000	22,713	122,713
2010 .....	1,945,000	300,006	2,245,006	105,000	16,819	121,819
2011 .....	2,060,000	184,863	2,244,863	110,000	10,500	120,500
2012 .....	2,185,000	62,819	2,247,819	120,000	3,600	123,600
2013 .....	-	-	-	-	-	-
2014 .....	-	-	-	-	-	-
2015 .....	-	-	-	-	-	-
2016 .....	-	-	-	-	-	-
2017 .....	-	-	-	-	-	-
2018 .....	-	-	-	-	-	-
2019 .....	-	-	-	-	-	-
2020 .....	-	-	-	-	-	-
2021 .....	-	-	-	-	-	-
2022 .....	-	-	-	-	-	-
2023 .....	-	-	-	-	-	-
2024 .....	-	-	-	-	-	-
Totals	<u>\$ 15,785,000</u>	<u>\$ 4,423,291</u>	<u>\$ 20,208,291</u>	<u>\$ 860,000</u>	<u>\$ 245,345</u>	<u>\$ 1,105,345</u>

(t7) Mandatory sinking fund payments from a \$1,410,000, 5.25%, term bond due January 1, 2013.

(r5) Principal and interest were refunded by the 2003 Lease Revenue Bonds.

(r6) Principal and interest were refunded by the 2003 Lease Revenue Bonds (\$2,345,000 5.25%, term bond which was due January 1, 2014).

**Debt Service Schedule of Outstanding Lease Revenue Bonds  
State Building Ownership Authority by Fiscal Year**

*Summary of State Building Ownership Authority Lease Revenue Bonds Outstanding*

Fiscal Year Ending June 30	Total Bonds Issued Under State Facilities Master Lease Program*			Total Bonds Issued Under Stand Alone Legal Documents		
	Total Principal	Total Interest	Total Debt Service	Total Principal	Total Interest	Total Debt Service
2004 .....	\$ 11,495,000	\$ 14,896,498	\$ 26,391,498	\$ 2,150,000	\$ 1,391,520	\$ 3,541,520
2005 .....	45,743,024	17,805,495	63,548,519	1,870,000	1,015,261	2,885,261
2006 .....	15,590,000	14,404,299	29,994,299	1,975,000	909,557	2,884,557
2007 .....	16,315,000	13,685,339	30,000,339	2,090,000	796,093	2,886,093
2008 .....	17,095,000	12,927,492	30,022,492	2,210,000	675,743	2,885,743
2009 .....	17,935,000	12,097,847	30,032,847	2,335,000	548,119	2,883,119
2010 .....	18,720,000	11,221,624	29,941,624	2,475,000	412,950	2,887,950
2011 .....	19,705,000	10,299,744	30,004,744	2,615,000	269,388	2,884,388
2012 .....	20,120,000	9,321,854	29,441,854	2,775,000	117,082	2,892,082
2013 .....	21,160,000	8,305,784	29,465,784	495,000	25,988	520,988
2014 .....	19,860,000	7,246,886	27,106,886	-	-	-
2015 .....	19,895,000	6,249,084	26,144,084	-	-	-
2016 .....	20,715,000	5,251,819	25,966,819	-	-	-
2017 .....	21,140,000	4,202,475	25,342,475	-	-	-
2018 .....	19,685,000	3,133,322	22,818,322	-	-	-
2019 .....	13,105,000	2,145,018	15,250,018	-	-	-
2020 .....	11,350,000	1,519,591	12,869,591	-	-	-
2021 .....	11,565,000	994,616	12,559,616	-	-	-
2022 .....	2,920,000	460,803	3,380,803	-	-	-
2023 .....	3,060,000	317,363	3,377,363	-	-	-
2024 .....	2,310,000	165,788	2,475,788	-	-	-
2025 .....	1,080,000	54,000	1,134,000	-	-	-
Totals	<u>\$ 350,563,024</u>	<u>\$ 156,706,741</u>	<u>\$ 507,269,765</u>	<u>\$ 20,990,000</u>	<u>\$ 6,161,701</u>	<u>\$ 27,151,701</u>

  

Total All Lease Revenue Bond Obligations			
Fiscal Year Ending June 30	Total Principal	Total Interest	Total Debt Service
2004 .....	\$ 13,645,000	\$ 16,288,018	\$ 29,933,018
2005 .....	47,613,024	18,820,756	66,433,780
2006 .....	17,565,000	15,313,856	32,878,856
2007 .....	18,405,000	14,481,432	32,886,432
2008 .....	19,305,000	13,603,235	32,908,235
2009 .....	20,270,000	12,645,966	32,915,966
2010 .....	21,195,000	11,634,574	32,829,574
2011 .....	22,320,000	10,569,132	32,889,132
2012 .....	22,895,000	9,438,936	32,333,936
2013 .....	21,655,000	8,331,772	29,986,772
2014 .....	19,860,000	7,246,886	27,106,886
2015 .....	19,895,000	6,249,084	26,144,084
2016 .....	20,715,000	5,251,819	25,966,819
2017 .....	21,140,000	4,202,475	25,342,475
2018 .....	19,685,000	3,133,322	22,818,322
2019 .....	13,105,000	2,145,018	15,250,018
2020 .....	11,350,000	1,519,591	12,869,591
2021 .....	11,565,000	994,616	12,559,616
2022 .....	2,920,000	460,803	3,380,803
2023 .....	3,060,000	317,363	3,377,363
2024 .....	2,310,000	165,788	2,475,788
2025 .....	1,080,000	54,000	1,134,000
Totals	<u>\$ 371,553,024</u>	<u>\$ 162,868,442</u>	<u>\$ 534,421,466</u>

\* Preliminary; subject to change. The Authority has variable interest rate demand bonds outstanding.

(Source: The Authority.)



*State Financing Consolidation Act.* Approximately \$2.6 million of revenue bonds are outstanding under the State Financing Consolidation Act, all of which were issued as State Moral Obligation Bonds. These revenue bonds were issued to provide funds to the State's Drinking Water Board and Board of Water Resources and are secured by and payable from bonds, notes and other obligations issued by certain political subdivisions of the State that are held by the State Treasurer.

### **State Guaranty of General Obligation School Bonds**

Under the Utah School Bond Guaranty Act (the "Guaranty Act") which took effect on January 1, 1997, the full faith and credit, and unlimited taxing power of the State is pledged to guaranty full and timely payment of the principal of and interest on general obligation bonds ("Guaranteed Bonds") issued by qualifying boards of education of Utah school districts ("Qualifying School Boards"). The primary purpose of the Guaranty Act is to reduce borrowing costs for Qualifying School Boards by providing credit enhancement for Guaranteed Bonds.

In the event a Qualifying School Board is unable to make the scheduled debt service payments on its Guaranteed Bonds, the State is required to make such payments in a timely manner. For this purpose, the State may (a) use any of its available moneys, (b) seek a short-term loan from the Permanent School Fund (although the Fund is not required to make the loan), or (c) issue its short-term general obligation notes. The Qualifying School Board remains liable to the State for any such payments on Guaranteed Bonds.

The State may seek reimbursement for such payments (plus interest and penalties) by intercepting State financial aid intended for the Qualifying School Board. The Guaranty Act also contains provisions to compel the Qualifying School Board to levy a tax sufficient to reimburse the State for such payments and to provide oversight to assure that the Qualifying School Board will ultimately be responsible for payment of debt service on the Guaranteed Bonds.

The State Superintendent of Public Instruction is charged by the Guaranty Act with the responsibility of monitoring the financial affairs, condition, and solvency of each local school board in the State and reporting, at least annually, its conclusions to the Governor, the Legislature, and the State Treasurer. The State Superintendent must report immediately to the Governor and the State Treasurer any circumstances suggesting that a local school board will be unable to pay when due its debt service obligations and recommend a course of remedial action.

The State does not expect it will be required to advance moneys for the payment of debt service on Guaranteed Bonds in the foreseeable future. Accordingly, the State believes that it would normally have sufficient cash available to make such payments. In the event sufficient moneys are not available, the Guaranty Act provides that the State may issue its general obligation notes on an expedited basis in an amount sufficient to make the necessary payment plus costs of issuance. The payments of principal of and interest on such notes from taxes or other identified State revenues are secured by a pledge of the full faith, credit, and resources of the State. The Guaranty Act also provides that such notes do not constitute debt of the State for purposes of the debt limitation of the Utah Constitution.

The State guaranty is extended by the State Treasurer to a Qualifying School District after a review of the application and a recommendation for the guaranty by the State Superintendent of Public Instruction. The State Treasurer has the authority to withhold any guaranty or to terminate the issuance of future guaranties at any time. Determinations of future ineligibility do not reverse or remove prior State guaranties.

During Fiscal Year 2004, the State will have approximately \$1.49 billion principal amount outstanding of Guaranteed Bonds. The State cannot predict the amount of bonds that may be guaranteed in this year or in future years; no limitation is currently imposed by the Guaranty Act. As of December 31, 2003, the State has not been requested to make payments on any Guaranteed Bonds under the provisions of the Guaranty Act.

### **No Defaulted Bonds**

The State has never failed to pay when due the principal of and interest on its bonded indebtedness and other payment obligations related thereto.

## FINANCIAL INFORMATION REGARDING THE STATE OF UTAH

### State's Discussion and Analysis of Financial Condition and Results of Operations

#### Liquidity and Capital Resources

*Budget Management.* The State ended Fiscal Year 2003 with a surplus of \$27.7 million. This surplus amount can be explained by certain one-time actions such as \$14.3 million received from the federal government for jobs and growth relief, and \$13.4 million from budget reductions and revenue transfers to the general fund, including from specially allocated sales tax revenues. By law, \$6.7 million, or 50% of the \$13.4 million State-generated portion of the surplus was transferred to the Rainy Day Fund, \$5.2 million was designated for accrued Industrial Assistance Fund credits, and \$1.5 million was designated for debt service. The \$14.3 million in federal funds was carried forward for appropriation in Fiscal Year 2004.

The Uniform School Fund ended Fiscal Year 2003 with a surplus of \$2.4 million. By law, 25% of this surplus amount was transferred to the Education Budget Reserve Account.

The Fiscal Year 2004 budget was initially established by the actions of the Legislature in the 2003 General Session. The estimated revenues used by the Legislature during the 2003 General Session were \$3.54 billion. The Legislature balanced the budget by using the funds carried over from Fiscal Year 2003, eliminating certain sales tax exemptions, implementing additional program reductions, transferring moneys from restricted and tobacco settlement funds, and utilizing other miscellaneous sources. Those adjustments also made funding available for increases in Medicaid, public education and higher education, and increased benefits for State and higher education employees.

Revenue collections to date are tracking with the estimates used in the 2003 General Session.

*Budget Reserve Accounts.* The State maintains a Budget Reserve Account (called the "Rainy Day Fund") which can only be used to cover operating deficits or retroactive tax refunds. To cover budget shortfalls for Fiscal Year 2002, the Legislature appropriated approximately \$105.3 million from the Rainy Day Fund.

State law requires 25% of any General Fund surplus to be deposited in the Rainy Day Fund. The 2002 Legislature passed legislation providing for the replenishment of the Rainy Day Fund by annually transferring an additional 25% to the Rainy Day Fund (total of 50%) of any General Fund surplus until appropriations from the Rainy Day Fund have been repaid.

The 2003 Legislature passed legislation that allows payments from the Rainy Day Fund for State settlement agreements approved by the Legislature.

The current balance in the General Rainy Day Fund is approximately \$26.6 million.

During the 2003 General Session, legislation was approved that established the Education Budget Reserve Account (the "Education Reserve") in addition to the Rainy Day Fund. The Education Reserve is a reserve to cover operating deficits that may occur in the public and higher education systems. The Education Reserve is to receive 25% of any surplus in the Uniform School Fund at the end of each fiscal year. The Legislature also established a ceiling on the combined balances of the Rainy Day Fund and the Education Reserve equal to 6% of the combined total of appropriations for all purposes from the General Fund and Uniform School Fund. The current ceiling is approximately \$216 million.

## Revenues and Expenditures for Fiscal Years 2003, 2002, and 2001

The following table summarizes the State's revenues and expenditures for Fiscal Years 2003, 2002, and 2001:

Analysis of Operations--General Fund and Major Special Revenue Funds (1)						
	Fiscal Year Ending June 30, 2003		Fiscal Year Ending June 30, 2002		Fiscal Year Ending June 30, 2001	
	Amounts (in thousands)	% Change From Prior Year	Amounts (in thousands)	% Change From Prior Year	Amounts (in thousands)	% Change From Prior Year
Revenues:						
Individual and Corporate						
Income Taxes .....	\$ 1,748,649	2 %	\$ 1,709,107	(10) %	\$ 1,895,817	3 %
Federal Revenues .....	2,046,399	11	1,846,910	8	1,708,063	8
Sales Tax .....	1,481,823	1	1,473,479	1	1,465,301	5
Motor/Special Fuel Tax...	321,370	-	321,682	4	310,000	(1)
Other Taxes .....	210,992	6	198,438	3	193,530	(17)
Liquor Profits .....	33,063	2	32,541	8	30,253	6
Other .....	546,632	1	541,212	(3)	558,601	7
Total Revenues.....	<u>\$ 6,388,928</u>	4 %	<u>\$ 6,123,369</u>	(1) %	<u>\$ 6,161,565</u>	4 %
Expenditures .....	<u>\$ 6,255,022</u>	-	<u>\$ 6,258,170</u>	6 %	<u>\$ 5,917,805</u>	5 %

(1) This summary includes revenues and expenditures for the General Fund and the Major Special Revenue Funds (Uniform School Fund, Transportation Fund, and Centennial Highway Fund).

(Sources: Division of Finance and the 2003 CAFR.)

### Changes in Accounting Standards

GASB issued significant new accounting and reporting standards that were effective for the Fiscal Year 2002. GASB Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* changes the way governments report their financial information. The new reporting model requires the presentation of government-wide financial statements using the accrual basis of accounting and presents summarized information for governmental activities, business-type activities, and component units. The new government-wide balance sheet includes all the capital assets and long-term liabilities of State, which were previously reported in account groups prior to the implementation of GASB 34. The standard still requires presentation of the fund statements using the modified accrual basis of accounting, but the reporting focus changed to individual major funds rather than fund types and the criteria for determining fund types was changed.

### Five-Year Financial Summaries

The following summaries were extracted from the State's audited financial statements for the Fiscal Years 1999 through 2003. The summaries have not been audited. The financial information presented in the summaries is presented on a fund statement basis and not on a government-wide statement basis.

Five-year historical summaries have been prepared for the Combined Balance Sheet — All Governmental Fund Types Only; Statement of Revenues, Expenditures and Changes in Fund Balance — General Fund; and Statement of Revenues, Expenditures and Changes in Fund Balance — Major Special Revenue Funds. The five-year summary Statement of Revenues, Expenditures and Changes in Fund Balance— Major Special Revenue Funds has been included to show the State's sources of revenue for and expenditures on public education and transportation.

**Unless otherwise noted, the financial information for the Fiscal Years' prior to Fiscal Year 2002 have not been restated to reflect the changes in accounting standards.**

**State of Utah**  
**Combined Balance Sheet—All Governmental Fund Types Only**

	Fiscal Year Ended June 30 (in thousands)				
	2003 (1)	2002 (1)	2001 (2)	2000	1999
<b>Assets:</b>					
Cash and cash equivalents .....	\$ 505,731	\$ 284,444	\$ 586,836	\$ 659,836	\$ 419,820
Investments .....	648,211	785,121	313,565	292,254	412,513
<b>Receivables:</b>					
Accounts, net (3) .....	598,616	485,522	523,415	335,129	348,356
Accrued taxes, net (3) .....	524,670	581,065	548,537	380,909	355,872
Notes/Mortgages, net (4) .....	12,297	13,355	280,350	256,979	189,138
Accrued interest (4) .....	111	32	1,952	1,817	1,944
Due from other funds .....	51,532	54,173	115,209	72,685	76,414
Due from component units .....	18,922	29,016	29,939	22,031	44,711
Interfund loans receivable .....	43,546	44,638	24,322	28,699	30,611
Inventories .....	7,537	8,894	8,728	9,721	10,529
<b>Total assets .....</b>	<b>\$ 2,411,173</b>	<b>\$ 2,286,260</b>	<b>\$ 2,432,853</b>	<b>\$ 2,060,060</b>	<b>\$ 1,889,908</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities .....	\$ 537,522	\$ 510,618	\$ 423,000	\$ 393,282	\$ 394,397
Due to other funds .....	40,171	65,469	98,126	58,361	63,535
Due to component units .....	4,812	-	359	75	-
Deferred revenue (3) .....	320,381	279,983	392,194	114,351	45,742
Interfund loans payable .....	2,478	2,478	2,478	2,478	-
Leave/Postemployment benefits (5) .....	-	-	260,268	248,149	228,758
<b>Total liabilities .....</b>	<b>905,364</b>	<b>858,548</b>	<b>1,176,425</b>	<b>816,696</b>	<b>732,432</b>
<b>Fund balances:</b>					
Reserved .....	704,592	801,664	764,662	755,004	905,733
Unreserved designated .....	466,206	385,833	393,290	328,501	272,169
Unreserved undesignated (6) .....	335,011	240,215	98,476	159,859	(20,426)
<b>Total fund balances .....</b>	<b>1,505,809</b>	<b>1,427,712</b>	<b>1,256,428</b>	<b>1,243,364</b>	<b>1,157,476</b>
<b>Total liabilities and fund balances .....</b>	<b>\$ 2,411,173</b>	<b>\$ 2,286,260</b>	<b>\$ 2,432,853</b>	<b>\$ 2,060,060</b>	<b>\$ 1,889,908</b>

- (1) Beginning in Fiscal Year 2002, this summary includes balances of the State's major and nonmajor governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing Statement 34 of the Governmental Accounting Standards Board (GASB), *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The comparability of 2003 and 2002 balances to the 2001 and prior years' balances is affected.
- (2) Prior to Fiscal Year 2002, this summary included balances from the State's Governmental fund types, which included the General Fund, Special Revenue Funds, Capital Projects Fund, and Debt Service Fund.
- (3) Increases in these accounts, beginning in Fiscal Year 2001, are mainly due to the implementation of Statement 33 of the GASB, *Accounting and Financial Reporting for Nonexchange Transactions*. This statement resulted in greater amounts of Accounts Receivable, Designated Accrued Taxes, and Deferred Revenue due to changes in revenue recognition criteria. The revenues resulting from the increased receivables were deferred because they were not available for use by the government during the period indicated.
- (4) Decreases in these accounts, beginning in Fiscal Year 2002, are due to the implementation of GASB Statement 34, which resulted in certain water loan funds and housing loan funds being reclassified from Governmental funds to Proprietary funds.
- (5) Beginning in Fiscal Year 2002, Leave/Postemployment benefits liability and the related expenditure is no longer reported in the governmental fund statements as a result of additional guidance in GASB Interpretation 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*.
- (6) The deficit in Fiscal Year 1999 was a result of contractual obligations being greater than available financial resources in the capital projects fund as allowed in statute. These contractual obligations were funded from the subsequent year's revenues and appropriations.

(Source: Division of Finance. Except as otherwise noted, this summary of financial information has been taken from the State's audited financial statements for the indicated years. This summary itself has not been audited.)

**State of Utah**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Fund Type—General Fund**

	Fiscal Year Ended June 30 (in thousands)				
	2003 (1)	2002 (1)	2001	2000	1999
Revenues:					
Taxes:					
Sales tax .....	\$ 1,447,281	\$ 1,437,339	\$ 1,441,046	\$ 1,378,949	\$ 1,324,608
Other taxes.....	187,397	172,307	194,250	216,313	128,967
Total taxes .....	1,634,678	1,609,646	1,635,296	1,595,262	1,453,575
Other Revenues:					
Federal contracts and grants .....	1,524,832	1,341,072	1,214,201	1,127,858	1,094,490
Charges for services .....	182,090	192,190	181,748	164,790	159,462
Licenses, permits, and fees .....	17,745	17,721	16,963	16,738	16,328
Federal mineral lease .....	46,335	29,367	49,566	34,957	28,962
Investment income .....	8,258	15,333	45,468	35,600	28,966
Miscellaneous and other .....	124,422	114,449	74,325	85,202	44,228
Total revenues .....	3,538,360	3,319,778	3,217,567	3,060,407	2,826,011
Expenditures:					
Current:					
General government and courts .....	248,629	261,238	254,001	245,940	249,337
Human services and youth corrections .....	532,270	529,403	333,327	340,466	324,758
Corrections, adult .....	176,624	182,860	183,395	175,198	154,725
Public safety .....	122,830	147,728	120,454	107,554	103,777
Health and environmental quality .....	1,171,877	1,055,856	1,097,147	985,888	926,002
Higher education--state administration .....	34,891	42,155	36,118	31,280	28,693
Higher education--colleges and universities (2) ..	592,668	610,837	-	-	-
Employment and family services .....	362,931	321,154	286,304	285,517	302,665
Natural resources .....	132,388	119,383	104,859	97,586	90,794
Community and economic development .....	88,731	86,160	82,381	73,881	73,116
Business, labor, and agriculture .....	55,583	55,639	49,417	46,233	44,268
Leave/Postemployment benefits (3) .....	-	-	7,083	12,828	17,204
Total expenditures .....	3,519,422	3,412,413	2,554,486	2,402,371	2,315,339
Excess revenues over (under) expenditures .....	18,938	(92,635)	663,081	658,036	510,672
Other financing sources (uses):					
Proceeds of revenue bonds/contracts .....	-	-	1,602	-	-
General obligation bonds issued.....	-	-	-	-	15,000
Premium on bonds issued .....	-	-	-	-	650
Operating transfers in .....	146,547	223,529	268,793	248,069	225,520
Operating transfers out .....	(146,514)	(330,679)	(312,737)	(265,429)	(257,836)
Operating transfers from component units.....	-	-	526	-	-
Operating transfers to component units (2) .....	-	-	(537,279)	(503,641)	(483,901)
Total other financing sources (uses) .....	33	(107,150)	(579,095)	(521,001)	(500,567)
Beginning fund balance .....	368,025	708,067	646,959	525,268	519,700
Adjustments to beginning fund balance (4) .....	-	(140,257)	-	-	-
Beginning fund balance as adjusted .....	368,025	567,810	646,959	525,268	519,700
Residual equity transfers .....	-	-	(22,878)	(15,344)	(4,537)
Ending fund balances .....	\$ 386,996	\$ 368,025	\$ 708,067	\$ 646,959	\$ 525,268

- (1) Due to changes in accounting standards, the comparability of the Fiscal Year 2003 and 2002 to Fiscal Year 2001 and prior years' is affected.
- (2) State support of higher education—colleges and universities, starting in Fiscal Year 2002, is reported as a current expenditure under the GASB 34 reporting model. Previously, state support of higher education was shown as an operating transfer to components units for the fiscal years 1999 to 2001. These transfers to colleges and universities were substantially all of the operating transfers to component units.
- (3) Beginning in Fiscal Year 2002, Leave/Postemployment benefits liability and the related expenditure is no longer reported in the governmental fund statements as a result of additional guidance in GASB Interpretation 6.
- (4) Due primarily to changes in accounting standards.

(Source: Division of Finance. Except as otherwise noted, this summary of financial information has been taken from the State's audited financial statements for the indicated years. This summary itself has not been audited.)

**State of Utah**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Fund Type— Major Special Revenue Funds (1)**

	Fiscal Year Ended June 30 (in thousands)				
	2003 (2)	2002 (2)	2001	2000	1999
Revenues:					
Taxes:					
Sales tax .....	\$ 34,542	\$ 36,140	\$ 24,255	\$ 21,120	\$ 17,859
Individual income tax .....	1,587,520	1,584,546	1,712,676	1,654,949	1,463,897
Corporate tax .....	161,129	124,561	183,141	186,936	192,221
Motor and special fuels tax .....	321,370	321,682	310,000	314,164	298,390
Other taxes (3).....	23,595	26,131	(720)	17,601	21,710
Total taxes .....	<u>2,128,156</u>	<u>2,093,060</u>	<u>2,229,352</u>	<u>2,194,770</u>	<u>1,994,077</u>
Other Revenues:					
Federal contracts and grants .....	521,567	505,838	493,862	447,750	448,696
Charges for services .....	22,465	23,438	35,461	32,031	29,869
Licenses, permits, and fees .....	83,784	80,911	74,616	75,154	71,231
Federal aeronautics .....	18,791	31,026	33,386	26,859	18,737
Investment income .....	16,367	15,296	17,566	15,382	24,347
Miscellaneous and other .....	26,375	21,481	29,502	33,343	43,771
Total other revenues .....	<u>689,349</u>	<u>677,990</u>	<u>684,393</u>	<u>630,519</u>	<u>636,651</u>
Total revenues .....	<u>2,817,505</u>	<u>2,771,050</u>	<u>2,913,745</u>	<u>2,825,289</u>	<u>2,630,728</u>
Expenditures:					
Current:					
Public education .....	1,979,461	1,998,240	1,949,959	1,824,162	1,776,912
Transportation .....	756,139	847,517	877,653	892,130	975,146
Leave/Postemployment benefits (4) .....	-	-	2,103	4,745	6,682
Total expenditures .....	<u>2,735,600</u>	<u>2,845,757</u>	<u>2,829,715</u>	<u>2,721,037</u>	<u>2,758,740</u>
Excess revenues over (under) expenditures .....	<u>81,905</u>	<u>(74,707)</u>	<u>84,030</u>	<u>104,252</u>	<u>(128,012)</u>
Other financing sources (uses):					
Proceeds of revenue bonds/contracts .....	-	-	1,688	-	-
General obligation bonds issued .....	140,685	277,810	-	-	68,000
Premium on bonds issued .....	20,581	11,241	-	-	7,808
Operating transfers in .....	145,625	340,705	249,665	218,390	191,454
Operating transfers out .....	(228,262)	(369,293)	(460,906)	(345,198)	(320,417)
Operating transfers to component units .....	-	-	-	(13)	-
Total other financing sources (uses) .....	<u>78,629</u>	<u>260,463</u>	<u>(209,553)</u>	<u>(126,821)</u>	<u>(53,155)</u>
Excess of revenues over (under) expenditures and other uses .....	<u>160,534</u>	<u>185,756</u>	<u>(125,523)</u>	<u>(22,569)</u>	<u>(181,167)</u>
Beginning fund balance .....	618,496	377,980	503,503	526,240	707,407
Adjustments to beginning fund balance (5) .....	-	54,760	-	-	-
Beginning fund balance as adjusted .....	<u>618,496</u>	<u>432,740</u>	<u>503,503</u>	<u>526,240</u>	<u>707,407</u>
Residual equity transfers .....	-	-	-	(168)	-
Ending fund balances .....	<u>\$ 779,030</u>	<u>\$ 618,496</u>	<u>\$ 377,980</u>	<u>\$ 503,503</u>	<u>\$ 526,240</u>

- (1) The major special revenue funds include the Uniform School Fund, Transportation Fund, and Centennial Highway Fund.
- (2) Due to changes in accounting standards, the comparability of the Fiscal Year 2003 and 2002 statements to Fiscal Year 2001 and prior years' statements is affected.
- (3) The negative revenue in Fiscal Year 2001 was a result of changes in the balance of receivables related to other taxes, that is, the accrued receivable balance related to other taxes at the end of Fiscal Year 2001 declined compared to the previous fiscal year and furthermore, the decline in the accrued receivable was greater than realized revenue.
- (4) Beginning in Fiscal Year 2002, Leave/Postemployment benefits liability and the related expenditure is no longer reported in the governmental fund statements as a result of additional guidance in GASB Interpretation 6.
- (5) Due primarily to changes in accounting standards.

(Source: Division of Finance. Except as otherwise noted, this summary of financial information has been taken from the State's audited financial statements for the indicated years. This summary itself has not been audited.)

## Property Tax Matters

### Property Tax Act

The State Constitution and Property Tax Act, Chapter 2, Title 59, Utah Code (the "Property Tax Act"), provide that all taxable property is required to be assessed and taxed at a uniform and equal rate on the basis of 100% of its "fair market value" as of January 1 of each year, unless otherwise provided by law. Section 3 (2) of Article XIII of the State Constitution provides that the Legislature by statute exempt from property tax up to 45% of the fair market value of residential property, as defined by statute. The Legislature enacted legislation, effective January 1, 1995, providing that the "fair market value" of primary residential property will be reduced by 45%. No more than one acre of land per residential unit may qualify for the residential exemption.

The following tables reflect the effect of the current 45% reduction from Fair Market Value for assessment of ad valorem property tax. The second table shows the Centrally-Assessed Property compared with the Locally-Assessed property.

#### Taxable Value Compared with Fair Market Value of All Taxable Property in the State

Tax Year	Taxable Value (1)	% Change Over Prior Year	Fair Market Value	% Change Over Prior Year
2003 (2) .....	\$ 118,060,738,137	3.3%	\$ 165,500,000,000	3.7%
2002 .....	\$ 114,320,788,860	3.6%	\$ 159,659,350,270	4.2%
2001 .....	\$ 110,312,889,753	8.0%	\$ 153,166,345,540	7.7%
2000 .....	\$ 102,142,249,398	7.4%	\$ 142,253,454,117	7.7%
1999 .....	\$ 95,071,840,333	5.0%	\$ 132,115,078,972	5.4%

#### Historical Summaries of Taxable Values of Property

	2003		2002	2001	2000	1999
	(2) Taxable Value	% of T.V.	Taxable Value	Taxable Value	Taxable Value	Taxable Value
<i>Set by State Tax Commission (Centrally Assessed)</i>						
Natural resources .....	\$ 3,292,510,162	2.8 %	\$ 3,336,164,284	\$ 4,067,175,485	\$ 3,944,362,229	\$ 3,798,327,052
Utilities .....	9,400,000,000	8.0	9,380,729,030	10,075,002,458	9,286,969,211	9,248,724,035
Total centrally assessed .....	<u>12,692,510,162</u>	<u>10.8</u>	<u>12,716,893,314</u>	<u>14,142,177,943</u>	<u>13,231,331,440</u>	<u>13,047,051,087</u>
<i>Set by County Assessor (Locally Assessed)</i>						
Real Property:						
Primary residential .....	58,000,000,000	49.1	55,154,680,220	52,099,359,175	48,749,007,976	45,015,382,649
Commercial .....	27,000,000,000	22.9	25,524,121,711	23,831,287,399	21,846,954,648	19,629,456,629
Other real .....	12,261,437,576	10.4	12,346,922,189	11,787,529,050	10,337,784,819	9,473,282,978
Total real property .....	<u>97,261,437,576</u>	<u>82.4</u>	<u>93,025,724,120</u>	<u>87,718,175,624</u>	<u>80,933,747,443</u>	<u>74,118,122,256</u>
Personal property:						
Total personal property .....	<u>8,106,790,399</u>	<u>6.8</u>	<u>8,578,171,426</u>	<u>8,452,536,186</u>	<u>7,977,170,515</u>	<u>7,906,666,990</u>
Total locally assessed .....	<u>105,368,227,975</u>	<u>89.2</u>	<u>101,603,895,546</u>	<u>96,170,711,810</u>	<u>88,910,917,958</u>	<u>82,024,789,246</u>
Total taxable value .....	<u>\$ 118,060,738,137</u>	<u>100.0 %</u>	<u>\$ 114,320,788,860</u>	<u>\$ 110,312,889,753</u>	<u>\$ 102,142,249,398</u>	<u>\$ 95,071,840,333</u>

- (1) Taxable values were calculated by reducing the fair market value of primary residential property by 45%, representing the current partial property tax exemption for such property.
- (2) Preliminary; subject to change.

(Source: Property Tax Division, Utah State Tax Commission)

## State Revenues, Expenditures and Fund Balances

The State receives revenues from three principal sources: (a) taxes; (b) Federal grants-in-aid; and (c) miscellaneous charges and receipts, including fees, the State's share of mineral royalties, and bonuses on federal land. Revenues received in the governmental fund types (excluding the Trust Lands permanent fund) are as follows:

	Fiscal Year Ended June 30 (in thousands)									
	2003	% (1)	2002	% (1)	2001	% (1)	2000	% (1)	1999	% (1)
Taxes (2) .....	\$ 3,765,460	58%	\$ 3,705,851	60%	\$ 3,879,866	62%	\$ 3,791,453	63%	\$ 3,456,517	62%
Federal contracts and grants .....	2,049,922	32	1,856,477	30	1,708,087	27	1,575,608	26	1,543,186	28
All other misc. revenue (3) .....	652,561	10	639,710	10	655,329	11	655,820	11	559,111	10
Total all funds .....	\$ 6,467,943	100%	\$ 6,202,038	100%	\$ 6,243,282	100%	\$ 6,022,881	100%	\$ 5,558,814	100%

- (1) Percentage of total Governmental Fund Revenue. Beginning in Fiscal Year 2002, this summary includes revenues of the State's governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing GASB Statement 34. The comparability of 2003 and 2002 revenue amounts to the 2001 and prior amounts is affected. Prior to Fiscal Year 2002, this summary included revenues of the State's governmental fund types which include the General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, and several other minor funds), Capital Projects Fund and Debt Service Fund.
- (2) Includes sales, individual income, corporate franchise, motor and special fuel taxes, and other miscellaneous taxes.
- (3) Includes charges for services; licenses, permits, and fees; aeronautics; Federal mineral lease revenues; intergovernmental revenues; interest on investments; liquor control profits; and other miscellaneous revenues.

(Source: Division of Finance)

*Revenue Summary.* For the Fiscal Year 2003, General Fund revenues from all sources totaled approximately \$3.55 billion. Of this amount, 41% came from sales tax, 43% came from federal contracts and grants, 5% came from charges for services and licenses, permits, and fees, 6% came from federal mineral lease, investment income and miscellaneous and other revenues and 5% came from other tax sources. The General Fund revenue includes credit for profits of the Liquor Enterprise Fund, which amounted to \$33.1 million.

In the Uniform School Fund for Fiscal Year 2003, revenues from all sources totaled approximately \$2.07 billion. Of this amount, 76% came from individual income taxes, 14% came from federal contracts and grants, 8% came from corporate franchise taxes, and 2% came from other miscellaneous revenue sources.

In the Transportation Fund for Fiscal Year 2003, revenues from all sources totaled approximately \$672.3 million. Of this amount, 48% came from motor and special fuel taxes, 28% came from federal contracts and grants, 12% came from charges for services and licenses, permits, and fees, and 12% came from other miscellaneous unrestricted taxes and fees.

In the Centennial Highway Fund for Fiscal Year 2003, revenues from all sources totaled \$71.7 million. Of this amount 60% came from federal contracts and grants, 26% came from motor vehicle registration fees, 7% came from sales tax revenue, and 7% came from interest income.



## Revenues by Source

### All Governmental Fund Types (1)

	Fiscal Year Ended June 30 (in thousands)				
	2003	2002 (1)	2001 (2)	2000	1999
<b>Taxes:</b>					
Sales and use tax .....	\$ 1,481,823	\$ 1,473,479	\$ 1,465,301	\$ 1,400,962	\$ 1,351,332
Individual income tax .....	1,587,520	1,584,546	1,712,676	1,654,949	1,463,897
Corporate tax .....	161,129	124,561	183,141	186,936	192,221
Motor and special fuel tax .....	321,370	321,682	310,000	314,164	298,390
Other taxes.....	213,618	201,583	208,748	234,442	150,677
<b>Total taxes .....</b>	<b>3,765,460</b>	<b>3,705,851</b>	<b>3,879,866</b>	<b>3,791,453</b>	<b>3,456,517</b>
<b>Other Revenues:</b>					
Federal contracts and grants .....	2,049,922	1,856,477	1,708,087	1,575,608	1,543,186
Charges for services .....	211,756	222,669	236,986	217,621	206,420
Licenses, permits, and fees .....	110,315	107,201	91,875	92,300	87,848
Federal mineral lease .....	47,307	30,527	49,566	34,957	28,962
Federal aeronautics .....	18,791	31,026	33,386	26,859	18,737
Intergovernmental .....	8,463	7,611	35,225	80,431	42,526
Investment income .....	29,418	31,240	65,068	55,804	58,055
Miscellaneous and other .....	193,448	176,895	112,970	119,189	89,604
<b>Total other revenues .....</b>	<b>2,669,420</b>	<b>2,463,646</b>	<b>2,333,163</b>	<b>2,202,769</b>	<b>2,075,338</b>
<b>Total revenues .....</b>	<b>6,434,880</b>	<b>6,169,497</b>	<b>6,213,029</b>	<b>5,994,222</b>	<b>5,531,855</b>
Liquor profit transfer .....	33,063	32,541	30,253	28,659	26,959
<b>Total revenues and liquor profit transfer .....</b>	<b>\$ 6,467,943</b>	<b>\$ 6,202,038</b>	<b>\$ 6,243,282</b>	<b>\$ 6,022,881</b>	<b>\$ 5,558,814</b>

- (1) Beginning in Fiscal Year 2002, this summary includes revenues of the State's governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing GASB Statement 34. The comparability of Fiscal Years 2003 and 2002 revenue amounts to the Fiscal Year 2001 and prior amounts are affected.
- (2) Prior to Fiscal Year 2002, this summary included revenues of the State's governmental fund types which include the General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, and several other minor funds), Capital Projects Fund and Debt Service Fund.

(Sources: Division of Finance and the 2003 CAFR.)

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**Expenditures by Function**  
All Governmental Fund Types (1)

Function	Fiscal Year Ended June 30 (in thousands)				
	2003	2002 (1)	2001 (2)	2000	1999
Public education .....	\$ 1,979,880	\$ 1,998,450	\$ 1,949,959	\$ 1,824,162	\$ 1,776,912
Human services, health, corrections, and environmental quality .....	1,888,105	1,775,052	1,613,869	1,501,552	1,405,485
Transportation and public safety .....	882,151	999,332	998,107	999,684	1,078,923
Higher education .....	632,368	652,992	569,722	531,364	507,890
Employment and family services .....	363,116	321,154	286,304	285,517	302,665
General government and courts .....	269,450	287,024	256,505	248,301	249,337
Capital outlay .....	205,861	112,569	153,126	191,819	190,496
Debt service .....	189,020	175,188	158,886	158,274	153,540
Natural resources .....	134,247	121,072	104,859	97,586	90,794
Community and economic development .....	91,986	91,014	83,526	77,305	75,602
Business, labor, and agriculture .....	66,382	63,940	49,672	46,555	44,474
Leave/Postemployment benefits (3) ...	-	-	9,186	17,573	23,886
Total expenditures All Governmental Fund Types .....	<u>\$ 6,702,566</u>	<u>\$ 6,597,787</u>	<u>\$ 6,233,721</u>	<u>\$ 5,979,692</u>	<u>\$ 5,900,004</u>

**Changes in All Governmental Fund Types (1)**

	Fiscal Year Ended June 30 (dollars in millions)				
	2003	2002 (1)	2001 (2)	2000	1999
Revenues .....	\$ 6,468	\$ 6,202	\$ 6,243	\$ 6,023	\$ 5,559
% change over previous year .....	4.3%	-0.7%	3.7%	8.3%	4.9%
Net other financing sources (4) .....	\$ 319	\$ 565	\$ 18	\$ 45	\$ 168
Expenditures (5) .....	\$ 6,703	\$ 6,598	\$ 6,234	\$ 5,980	\$ 5,900
% change over previous year .....	1.6%	5.8%	4.2%	1.4%	4.6%

- (1) Beginning in Fiscal Year 2002, this summary includes the State's governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing GASB Statement 34. The comparability of Fiscal Years 2003 and 2002 amounts to the 2001 and prior amounts are affected.
- (2) Prior to Fiscal Year 2002, this summary included the State's governmental fund types which include the General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, and several other minor funds), Capital Projects Fund and Debt Service Fund.
- (3) Beginning in Fiscal Year 2002, Leave/Postemployment benefits liability and the related expenditure is no longer reported in the governmental fund statements as a result of additional guidance in GASB Interpretation 6.
- (4) Includes bond proceeds, net of any refunding issues, transfers from non-governmental funds, plus financing provided from capital leasing.
- (5) Funding for expenditures is provided from revenues, beginning balances and bond proceeds; beginning balances are not reflected in this table.

(Sources: Division of Finance and the 2003 CAFR.)

**Fund Balances (1)**  
Fund Balances—All Governmental Fund Types

Fiscal Year Ended June 30 (in thousands)					
	2003	2002 (2)	Restated 2001	2000	1999
General Fund (3).....	\$ 386,996	\$ 368,025	\$ 567,810	\$ 646,959	\$ 525,268
Special Revenue Funds:					
Uniform School Fund (4) .....	243,917	182,219	242,727	287,953	186,402
Transportation Fund (5) .....	214,879	130,920	126,080	96,494	54,976
Centennial Highway Fund .....	320,234	305,357	63,933	119,056	284,862
Tobacco Endowment Fund.....	12,177	41,531	27,521	-	-
Consumer Education Fund (6).....	3,133	2,967	3,836	307	317
Sports Authority Fund (7) .....	-	689	1,127	5,503	7,795
Rural Development Fund (6).....	12,318	11,357	8,086	505	156
State Capitol Fund .....	37	21	7	-	-
Environmental Reclamation Fund (8) .....	23,291	24,058	21,556	-	-
Crime Victim Reparation Fund (8) .....	13,526	16,558	14,169	-	-
Universal Telephone Services Fund (8) ...	4,787	8,895	10,473	-	-
Misc. Special Revenue Funds (8).....	6,489	6,847	5,895	-	-
Capital Projects Funds .....	248,021	305,386	128,340	77,830	89,576
Debt Service Funds .....	16,004	22,882	12,110	8,757	8,124
Total .....	<u>\$ 1,505,809</u>	<u>\$ 1,427,712</u>	<u>\$ 1,233,670</u>	<u>\$ 1,243,364</u>	<u>\$ 1,157,476</u>

- (1) Includes restricted and unrestricted fund balances.
- (2) Beginning in Fiscal Year 2002, this summary includes fund balances of the State's governmental funds except the Trust Lands permanent fund. These changes were necessary because of implementing GASB Statement 34. The comparability of 2003 and 2002 fund balance amounts to the 2001 and prior amounts is affected. Prior to Fiscal Year 2002, this summary included fund balances of the State's governmental fund types which include the General Fund, Special Revenue Funds (Uniform School Fund, Transportation Fund, Centennial Highway Fund, Sports Authority Fund, and several other minor funds), Capital Projects Fund and Debt Service Fund.
- (3) The General Fund Fiscal Year 2001 ending fund balance was restated, resulting in a decrease of (\$140.3) million because of the following changes: a) reclassification of water and housing loan funds that were previously reported as a part of the General Fund, but now are reported as proprietary funds due to the implementation of GASB 34 resulted in a decrease of (\$286.9) million; b) additional guidance from GASB Interpretation 6 increased fund balance by \$142.4 million; and c) miscellaneous changes because of various fund reclassifications and prior period adjustments due to GASB 34, these changes amounted to an increase in fund balance of \$4.2 million.
- (4) The Uniform School Fund Fiscal Year 2001 ending fund balance was restated by approximately \$24.0 million due to: a) additional guidance in GASB Interpretation 6, which increased fund balance by \$18.4 million; b) reclassification of Applied Technology Centers to a component unit resulted in a decrease of (\$4.1) million; and c) various fund reclassifications and prior period adjustments of \$9.6 million due to GASB 34.
- (5) The Transportation Fund Fiscal Year 2001 ending fund balance was restated by \$30.8 million primarily because of additional guidance in GASB interpretation 6.
- (6) The Consumer Education and Rural Development Funds had ending Fiscal Year 2001 fund balance restatements of \$3.5 million and \$6.5 million respectively, because of fund reclassifications due to the implementation of GASB 34.
- (7) The Sports Authority Fund was closed in Fiscal Year 2003.
- (8) The ending Fiscal Year 2001 fund balances for the following funds were reclassified to special revenue funds in the following amounts because of GASB 34: a) Environmental Reclamation Fund--\$21.6 million; b) Crime Victim Reparation Fund--\$14.2 million; c) Universal Telephone Service Fund--\$10.5 million; and d) Miscellaneous Special Revenue Funds--\$5.9 million. These funds had previously been reported as trust funds or proprietary funds in the fiscal years prior to Fiscal Year 2002.

(Sources: Division of Finance and the 2003 CAFR.)

**General Fund**  
Revenues, Expenditures, and Fund Balances

	Fiscal Year Ended June 30 (in thousands)				
	2003	2002 (1)	2001	2000	1999
Revenues:					
Sales tax .....	\$ 1,447,281	\$ 1,437,339	\$ 1,441,046	\$ 1,378,949	\$ 1,324,608
Federal contracts and grants .....	1,524,832	1,341,072	1,214,201	1,127,858	1,094,490
Charges for services .....	182,090	192,190	181,748	164,790	159,462
Other taxes .....	187,397	172,307	194,250	216,313	128,967
Miscellaneous and other .....	124,422	114,449	74,325	85,202	44,228
Federal mineral leases .....	46,335	29,367	49,566	34,957	28,962
Investment income .....	8,258	15,333	45,468	35,600	28,966
Liquor profit (2) .....	33,063	32,541	30,253	28,659	26,959
Licenses, permits, and fees .....	17,745	17,721	16,963	16,738	16,328
Total Revenues .....	<u>\$ 3,571,423</u>	<u>\$ 3,352,319</u>	<u>\$ 3,247,820</u>	<u>\$ 3,089,066</u>	<u>\$ 2,852,970</u>
% change over previous year .....	6.5%	3.2%	5.1%	8.3%	3.1%
Expenditures .....	<u>\$ 3,519,422</u>	<u>\$ 3,412,413</u>	<u>\$ 3,088,090</u>	<u>\$ 2,902,455</u>	<u>\$ 2,794,536</u>
% change over previous year .....	3.1%	10.5%	6.4%	3.9%	7.8%
Fund Balance: (3)					
Unreserved, designated .....	\$ 156,016	\$ 146,551	\$ 187,491	\$ 158,222	\$ 109,336
Unreserved, undesignated .....	-	-	11,614	25,376	281
Reserved .....	230,980	221,474	508,962	463,361	415,651
Total fund balance .....	<u>\$ 386,996</u>	<u>\$ 368,025</u>	<u>\$ 708,067</u>	<u>\$ 646,959</u>	<u>\$ 525,268</u>

- (1) Due to changes in accounting standards, the comparability of the Fiscal Years 2003 and 2002 to Fiscal Year 2001 and prior years' are affected.
- (2) Liquor profits are reported as transfers into the General Fund.
- (3) The Fund Balance is derived from revenues, expenditures, transfers, and other financing sources which are not presented in this table and the beginning fund balance from the prior fiscal year.

(Sources: Division of Finance and the 2003 CAFR.)